

**Commercial Solutions Opening (CSO)
HQ0845-20-S-C001
&
HQ0034-20-9-DIU**

**Office of the Secretary of Defense
Defense Innovation Unit (DIU)
&
Washington Headquarters Service - Acquisition Directorate**

The procedures outlined in this CSO apply to Areas of Interest posted under both HQ0845-20-S-C001 and HQ0034-20-9-DIU

SECTION 1 – INTRODUCTION

1.1 Background and Authority

DIU's mission is to: (1) accelerate adoption of advanced commercial technology to the DoD; (2) transform DoD's capabilities; and (3) strengthen the national security innovation base. In accelerating adoption, we provide access to commercial vendors, curate problems and lead rapid prototyping and contracting. DIU is an opportunistic organization with a mandate to identify commercial technology with the potential to transform national security. As such, in order to accommodate solutions that we did not contemplate, an AOI is a broader problem statement than a traditional government solicitation. Likewise, our evaluation process is conducted with our organizational objectives in mind, and DIU may select vendors whose solutions show greater potential to achieve the DIU mission.

DIU utilizes Other Transaction Agreements (OTA or Agreements) under the authority of 10 U.S.C. 2371b to partner with nontraditional and traditional defense contractors and non-profit research institutions to carry out prototype projects that are directly relevant to enhancing the mission effectiveness of military personnel and the supporting platforms, systems, components, or materials proposed to be acquired or developed by the DoD, or the improvement of platforms, systems, components, or materials in use by the armed forces. The information provided in this Commercial Solutions Opening (CSO) is intended to ensure that to the maximum extent practicable, competitive procedures are used when entering into agreements to carry out these prototype projects.

1.2 CSO Procedure

This CSO is a competitive solicitation seeking proposals for innovative, commercial technologies that accelerate attainment of defense capabilities. This CSO will result in the award of prototype projects, which include not only commercially-available technologies fueled by

commercial or strategic investment, but also concept demonstrations, pilots, and agile development activities that can incrementally improve commercial technologies, existing Government-owned capabilities, or concepts for defense application.

The CSO is soliciting Solution Briefs in response to Areas of Interest (AOIs). AOIs are focused topic(s) categories that will be published separately and posted on the DIU website. All Solution Briefs submitted in response to any AOI will be governed by this CSO unless otherwise noted in the AOI.

AOIs are written in a much broader manner than standard Government solicitations to maximize latitude in creativity when approaching a problem and to allow for maximum participation from commercial vendors who may not be familiar with submitting proposals to Government solicitations.

The Government may post AOIs at any time. Interested Companies are encouraged to frequently check the DIU website for new AOI postings or subscribe to the DIU website's RSS feed which will automatically notify companies of new AOI postings.

The CSO outlines the competitive procedures to submit a response to an AOI and consists of three-phases: Solution Brief, Pitch, and full written proposal:

Phase 1 Solution Briefs: Solution Briefs submitted in response to an AOI shall be submitted as specified in Section 3 of this CSO. The Government will evaluate Solution Briefs against the criteria stated in this CSO. The Government will not pay Companies for the costs associated with Solution Brief submissions.

Phase 2 Pitch Session: Companies whose Solution Briefs are evaluated to be of merit may be invited to provide a pitch following the instructions provided in Section 3.3 of this CSO. *The government reserves the right to limit the number of Companies invited to pitch. As such, a company's solution may be evaluated to be of merit, but not invited to pitch.* In the event that the Government requires a demonstration, additional information will be provided in the specific AOI highlighting those procedures, otherwise Phase 2 will be comprised solely of the pitch. The Government will not pay Companies for costs associated with pitches, unless otherwise stipulated.

Phase 3 Proposal: Those Companies whose Solution Brief and Pitch are evaluated to be of merit and are selected for potential award of a Prototype OTA may, if funding is available, be invited to submit a full written proposal following the instructions provided in Section 3.4 of this CSO. The Government will not pay Companies for costs associated with the Request for Prototype Proposal RPP (e.g., proposal development, negotiations) in Phase 3, unless otherwise stipulated.

SECTION 2 – DEFINITIONS

“Area of Interest” (AOI) means an announcement posted on the DIU website which may result in the award of an Other Transaction Agreement (OTA).

“Commercial Solutions Opening” (CSO) is DIU’s method for employing the prototyping authority under 10 U.S.C. § 2371b.

"Other Transaction for Prototype Projects" refers to the type of Other Transaction Agreement (OTA) that may be awarded as a result of this CSO and associated AOIs. This type of OTA is authorized by 10 U.S.C. § 2371b for prototype projects directly relevant to enhancing the mission effectiveness of military personnel and the supporting platforms, systems, components, or materials proposed to be acquired or developed by the DoD, or for the improvement of platforms, systems, components, or materials in use by the armed forces. This type of OTA is treated by DoD as an acquisition instrument, commonly referred to as an "other transaction" for a prototype project or a Section 2371b "other transaction".

“Prototype Project” can generally be described as a proof of concept, model, reverse engineering to address obsolescence, pilot, novel application of commercial technologies for defense purposes, agile development activity, creation, design, development, demonstration of technical or operational utility, or combinations of the foregoing. A process, including a business process, may be the subject of a prototype project. Although assistance terms are generally not appropriate in OTA, ancillary work efforts that are necessary for completion of the prototype project, such as test site training or limited logistics support, may be included in prototype projects. A prototype may be physical, virtual, or conceptual in nature. The quantity should generally be limited to that needed to prove technical or manufacturing feasibility or evaluate military utility.

“Nontraditional Defense Contractor” is defined in 10 U.S.C. § 2302(9) as an entity that is not currently performing and has not performed, for at least the one-year period preceding the solicitation of sources by the DoD for the procurement or transaction, any contract or subcontract for the DoD that is subject to full coverage under the cost accounting standards prescribed pursuant to 41 U.S.C. § 1502 and the regulations implementing such section. This includes all small business concerns under the criteria and size standards in 13 C.F.R. § 121).

“Nonprofit Institution” means a nonprofit institution, as defined in 15 U.S.C. § 3703 as an organization owned and operated exclusively for scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

“Small Business” is defined under Section 3 of the Small Business Act (15 U.S.C. 632)

“Innovative” means any new technology, process, or business practice; or any new application of an existing technology, process, or business practice that contributes to enhancing military effectiveness and sustaining global peace and U.S. national security.

SECTION 3 - GUIDELINES FOR SOLUTION BRIEFS, PITCHES, AND PROPOSALS

3.1 General Guidelines

1. Unnecessarily elaborate brochures or proposals are not desired.
2. Use of a diagram(s) or figure(s) to depict the essence of the proposed solution is strongly encouraged.
3. Companies may submit multiple Solution Briefs in response to any single AOI if each submission represents a separate and distinct concept.
4. The period of performance for any Solution Brief or proposal submitted under this CSO should generally be no greater than 24-months.
5. Technical data with military application may require appropriate approval, authorization, or license for lawful exportation.
6. All Solution Briefs, Pitches, and Proposals shall be unclassified. Solution Briefs, Pitches, and Proposals containing data that is not to be disclosed to the public for any purpose or used by the Government except for evaluation purposes shall include the following sentences on the cover page:

“This [select one: Solution Brief, Pitch, or Proposal] includes data that shall not be disclosed outside the Government, except to non-Government personnel for evaluation purposes, and shall not be duplicated, used, or disclosed -- in whole or in part -- for any purpose other than to evaluate this submission. If, however, an agreement is awarded to this Company as a result of -- or in connection with -- the submission of this data, the Government shall have the right to duplicate, use, or disclose the data to the extent agreed upon by both parties in the resulting agreement. This restriction does not limit the Government's right to use the information contained in this data if it is obtained from another source without restriction. The data subject to this restriction are contained in sheets [insert numbers or other identification of sheets]”

Each restricted data sheet should be marked as follows:

“Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this proposal.”

7. Foreign-Owned businesses may independently submit a solution or do so as part of a teaming arrangement with one or more United States-Owned businesses. However, the ability to obtain an agreement based upon a submission may depend upon the ability of the Foreign-Owned business to obtain necessary clearances and approvals to obtain proscribed information.
8. Submissions must be submitted electronically via the DIU website: <https://diu.mil/work-with-us/open-solicitations>.
9. Submissions sent through other channels or after the AOI period has ended will not be reviewed nor evaluated.

10. Solution Briefs that are chosen for the Phase 2 Pitch will be notified in writing as soon as practicable.

3.2 Phase 1 Solution Brief

PHASE 1 SOLUTION BRIEF CONTENT

Solution Briefs should not exceed five (5) written pages using 12-point font or, alternatively, Solution Briefs may take the form of briefing slides which should not exceed fifteen (15). These limits are not requirements but are strongly recommended.

Title Page (does not count against page limit)

Company Name, Title, Date, Point of Contact Name, E-Mail Address, Phone, and Address.

Specifically identify the AOI for which the Solution Brief is submitted.

Executive Summary (one page)

Provide an executive summary of the technology.

Technology Concept

Describe the unique aspects of your technology and the proposed work as it relates to the AOI. Identify whether the effort includes the pilot or demonstration of existing commercial technology (identified as commercially ready and viable technology), or the development of technology for potential defense application. If development or adaptation is proposed, identify a suggested path to mature the technology. Identify aspects which may be considered proprietary.

Company Viability

Provide a brief overview of the company. Provide a summary of current fundraising to date or a summary of the top line (gross sales/revenues). Provide a summary of product commercialization and go-to-market strategy.

PHASE 1 SOLUTION BRIEF BASIS OF EVALUATION

All solution briefs correctly submitted in response to an AOI will be evaluated against the stated criteria below.

- 1) Relevance of the Solution Brief in addressing the AOI;
- 2) Company's approach and/or underlying technology is unique, underutilized and/or innovative to Government application. In addition, the Government finds this approach and/or underlying technology to be a compelling solution to the AOI problem statement.

3) Technical Merit and feasibility of the solution to address Government AOI problem statement.

Additional technical evaluation criteria specific to a particular project may be used. In these instances, the additional criteria will be posted within the AOI announcement on the DIU website.

Solution Briefs will be evaluated on the basis of the merit of the proposed concept in addressing the AOI, not against other Solution Briefs submitted in response to the same AOI. Additionally, while not overtly stated in AOIs, the Government's evaluation will consider whether the proposal increases the likelihood of accomplishing the three stated aspects of DIU's mission.

DIU routinely receives more Solution Briefs than has the resources to award. All submissions will be fairly evaluated, however, only a select few will be invited to pitch. *The government reserves the right to limit the number of Companies invited to pitch. As such, a company's solution may be evaluated to be of merit, but not invited to pitch.* Solution Briefs that are chosen for the Phase 2 Pitch will be notified in writing as soon as practicable.

3.3 Phase 2 Pitch

PHASE 2 PITCH CONTENT

In Phase 2, companies shall provide an in-person or virtual Pitch to demonstrate and provide further details on their proposed concept/technology/solution and the technical and business viability of the proposed solution. The Government may elect to use external market research during the Pitch to evaluate a Company's viability. In addition to the Pitch, the Government, at its discretion, may request for consideration an additional written submission to further supplement the information provided in the Phase 1 Solution Brief. During the Phase 2 Pitch, the Company must detail/address:

Estimated Price/Schedule

Provide a rough order of magnitude (ROM) price and notional schedule for how this concept may be prototyped within the DoD.

Data Rights Assertions

The Solution Brief will identify any IP involved in the effort and associated restrictions on the Government's use of that IP.

In addition to these required areas, the Government may request the Company provide additional information/detail with respect to the Technology Concept information provided in the Phase 1 Solution Brief.

PHASE 2 PITCH BASIS OF EVALUATION

Individual pitches will be evaluated against the following factors:

- 1) Relevance of the pitch in addressing the AOI
- 2) The solution has technical merit, adequately addresses Government need and is feasible;
- 3) Evaluation of company viability;
- 4) Company's approach is unique, underutilized and/or innovative to Government application and is a compelling solution to the Government problem;
- 5) The ROM;
- 6) The notional schedule is acceptable; and
- 7) The potential impact of data rights assertions.

Individual pitches will be evaluated on the basis of the merit of the proposed concept in addressing the AOI and the factors above, not against any other Pitches held under the same AOI. Pitch submissions will be valid for 180 calendar days after the pitch date. Upon completion of evaluations, the Government will notify the Company that: (1) the proposed concept/technology/solution has been selected for possible award of a Prototype OTA and the Company is invited to submit a full proposal; (2) the proposed concept/technology/solution is not of interest to the Government; or (3) the proposed concept/technology/solution is of interest, but not eligible for a proposal due to availability of Government resources.

If the proposed concept/technology/solution is of interest, but not eligible for a proposal due to availability of Government resources, the Company may be contacted with a request to respond to a RPP within 180 calendar days from the pitch date. If after 180 calendar days from the pitch date (or earlier if notified by DIU), Government resources are not identified to formally move into Phase 3, the Company will no longer be eligible for an award under that particular AOI.

3.4 Phase 3 Proposal

PHASE 3 PROPOSAL CONTENT

The final phase of the CSO process is the RPP. Based upon the evaluation detailed above, the Government may issue the Company a RPP. The Company will be invited to develop and submit a full written proposal and negotiate appropriate terms and conditions governing the prototype project. Companies may discuss ideas and details of the proposal during the proposal writing process with the Government. Each proposal submitted shall consist of two sections: Section 1 shall provide the technical proposal; Section 2 shall address the price/cost/schedule portions of the proposal. These proposals will be assessed by DIU subject matter experts. Companies may propose their own internal terms and conditions (e.g., Service License Agreements (SLA) and/or User License Agreements (ULA)) to be considered during negotiations with the Government. Companies should note that there are certain terms and conditions the Government is unable to accept. However, projects awarded through the CSO are flexible to adopt customary industry standards where it is otherwise legal and where it meets the Government's needs.

3.4 Section 1 Technical Proposal

Title Page

Company Name, Title, Point of Contact Name, Date, E-Mail Address, Phone, and Address and any subcontractors or team members. Include an abstract which provides a concise description of the proposal.

Propose a Technical Approach

Describe the background and objectives of the proposed work, the approach, deliverables, and the resources needed to execute it. Include the nature and extent of the anticipated results. Include ancillary and operational issues such as certifications, algorithms, and any engineering/software development methodologies to be used. This proposal must include a Statement of Work (SOW) identifying the work to be performed and the deliverables. Provide a detailed project schedule that outlines the various phases of work to be accomplished within the proposed period of performance. You may refer to the Solution Brief that prompted this proposal request, but do not duplicate it.

Government Support Required

Identify the type of support, if any, the Company requests of the Government in general such as facilities, equipment, data, and information or materials.

3.4 Section 2, Price Proposal

The Company shall propose a total price to complete the prototype project and provide any other data or supporting information that is necessary for the determination of a fair and reasonable price. This can include, but is not limited to, commercial price catalog or other proprietary information to help the Government assess project cost.

Additionally, while not required to be specifically addressed in the proposal (with the exception of the 1/3 cost-share requirement, if applicable), the Government will review the proposal to determine if the following statutory requirements are met:

1. *Fits the definition of a prototype*
2. *Quantity*: quantity is limited to that needed to prove technical or manufacturing feasibility or evaluate military utility
3. *Meets mission effectiveness standard*: Is directly relevant to enhancing DoD mission effectiveness
4. *Meets non-traditional participation/cost share requirement*: Non-traditional defense contractor contributes to a significant extent or not; if not, 1/3 cost share implementation is addressed
5. *Defense Utility*: Solution is applicable to a DoD platform, system or component

SECTION 4 – AWARDS

4.1 General Guidelines

Upon favorable review and available funds, the Government may choose to make an award. Awards will be made using OTAs. The Agreements Officer will negotiate directly with the Company on the terms and conditions of the OTA, including payments, and will execute the OTA on behalf of the Government. ***Only an Agreements Officer has the authority to enter into, or modify, a binding agreement on behalf of the Government.***

Companies must have a Dunn and Bradstreet (DUNS) number and must register in the System for Award Management (SAM) to receive an award. Companies are advised to commence SAM registration upon receipt of an RPP.

Companies must also register in the prescribed Government invoicing system (e.g. Wide Area Work Flow). DIU will provide assistance to those Companies from whom a full proposal is requested.

The Company must be determined to be responsible by the Agreements Officer and must not be suspended or debarred from award by the Federal Government nor be prohibited by Presidential Executive Order and/or law from receiving award.

Receipt of an RPP does not guarantee that a Company will receive an award. The Government reserves the right, at any point prior to award of an OTA, to cancel the RPP.

4.2 Comptroller General Access to Information

In projects that provide for payments in a total amount in excess of \$5,000,000, the Agreement will include a mandatory clause that provides for the Comptroller General the ability to examine the records of any party to the agreement or any entity that participates in the performance of the agreement.

4.3 Procurement Integrity Act (PIA)

As required by 10 U.S.C. § 2371b(h), all Agreements awarded under this CSO shall be treated as Federal Agency procurements for purpose of 41 U.S.C. Chapter 21. Accordingly, the CSO competitive solicitation process and awards made thereof must adhere to the ethical standards required by the PIA.

SECTION 5 - ITERATIVE PROTOTYPING

As it is the mission of DIU to enable access to commercially-derived disruptive capabilities across the entirety of the DoD enterprise, Prototype OTAs awarded against this CSO will allow for an iterative prototyping process.

An iterative prototyping process will allow the Government to modify, by mutual agreement, the work in a prototype project to allow the adaptation and modification of the technology being prototyped to meet additional unique and discrete purposes/mission sets. These additional unique and discrete purposes/mission sets can be generated by the original Government customer or originate with other organizations within the Federal Government.

SECTION 6 – FOLLOW-ON PRODUCTION

Upon successful completion of a prototype project under the OTA, the Government and Company may negotiate a follow-on production contract or agreement without further competition. Any concept/technology/solution successfully proven through a Prototype OTA can be transitioned to production.

AOIs posted by the Government under this CSO and Prototype OTAs awarded will include language providing for the potential award of a follow-on production contract or agreement as authorized under 10 U.S.C. § 2371b(f). Individual AOIs and CSO prototype OTAs will explicitly identify follow-on Prototype OTAs as a potential outcome of a successful prototyping effort.

SECTION 7 – SUCCESSFUL COMPLETION

A transaction for a prototype project is complete upon the written determination of the appropriate approving official (program manager and Agreement Officer) for the matter in question that efforts conducted under a Prototype OTA: (1) met the key technical goals of a project; (2) satisfied success metrics incorporated into the Prototype OTA; or (3) accomplished a particularly favorable or unexpected result that justifies the transition to production. Furthermore, successful completion can occur prior to the conclusion of a prototype project to allow the Government to transition any aspect of the prototype project determined to provide utility into production while other aspects of the prototype project have yet to be completed. Any Prototype OTA shall contain a provision that sets forth the conditions under which that prototype agreement must be successfully completed.

SECTION 8 – NON-GOVERNMENT ADVISORS

Non-Government advisors may be used in the evaluation of Solution Briefs, Pitches and during Proposal development and negotiations. Non-Government advisors will have signed non-disclosure agreements (NDAs) with the Government. Companies may enter into specific NDAs directly with the Non-Government advisors or their corporate entities. Submission of an offer under this CSO will constitute a grant of authority by the submitting company to the

Government to allow the use of non-Government advisors to participate in evaluations of all phases of the CSO process.

The Government understands that information provided in response to this CSO is presented in confidence and may contain trade secret or commercial or financial information, and it agrees to protect such information from unauthorized disclosure to the maximum extent permitted or required by Law, to include:

- a. 18 U.S.C. 1905 (Trade Secrets Act);
- b. 18 U.S.C. 1831 et seq. (Economic Espionage Act);
- c. 5 U.S.C. 552(b)(4) (Freedom of Information Act);
- d. Executive Order 12600 (Pre-disclosure Notification Procedures for Confidential Commercial Information); and,
- e. Any other statute, regulation, or requirement applicable to Government employees.

DIU policy is to treat all submissions as confidential information, and to disclose their contents only for the purpose of evaluation. Restrictive notices notwithstanding, during the evaluation process, submissions may be handled by support contractors for administrative purposes and/or to assist with technical evaluation. All DIU and DoD support contractors performing this role are expressly prohibited from performing DIU-sponsored technical research and are bound by appropriate NDAs.

Submissions will not be returned. The original copy of each submission received will be retained at DIU and all other non-required copies destroyed. A certification of destruction may be requested, provided the formal request is received at this office within 5 calendar days after notification that a proposal was not selected.